RATING ANNOUNCEMENT

GCR upgrades Old Mutual General Insurance Kenya Limited's national scale financial strength rating to A(KE) from A-(KE) on sustained capital quality improvement; Outlook Stable

Rating action

Nairobi, 30 June 2025 – GCR Ratings (GCR) has upgraded Old Mutual General Insurance Kenya Limited's (Old Mutual General Kenya or the insurer) national scale financial strength rating to A(KE) from A-(KE), with the Outlook accorded as Stable.

Rated entity	Rating class	Rating scale	Rating	Outlook/Watch
Old Mutual General Insurance Kenya Limited	Financial strength	National	A(KE)	Stable Outlook

Rating rationale

The rating of Old Mutual General Kenya reflects strengths and weaknesses of Old Mutual Holdings Plc (the group), being the core operating entity within the group. The rating upgrade is underpinned by improved capital quality, following successful conversion of the group's debt to preference shares. Furthermore, the group benefits from implied support from Old Mutual Limited, partly offsetting risks associated with its overall financial profile.

The group's total capital increased to KES20.4bn (USD158.3m) as of 31 December 2025 (31 December 2024: KES19.7bn; USD152.5m) due to sustained benefits from a KES8.8bn debt to more patient preference share capital and enhanced internal capital generation over the past three years. As a result, the GCR capital adequacy ratio (CAR) strengthened to 1.6x (31 December 2024: 1.4x) while the statutory solvency margin remained high at 190% (31 December 2024: 205%). Nonetheless, our assessment of the group's capitalisation is partly limited by high exposure to property investments, accounting for 94% (31 December 2024: 98%) of capital. Additionally, the group's leverage remains a rating constraint, with the debt-to-equity ratio measuring at a higher 40.7% (2024: 34.8%), following a refinanced debt of USD 5.7m in 2025. Going forward, GCR expects the GCR CAR to register within the same range, supported by the healthy internal capital build (although sensitive to high dividend distributions), and exposure to illiquid assets.

The group's liquidity profile registered within a healthy range, supported by stable asset allocation. In this respect, liquid assets including government securities accounted for 44.1% of the investment portfolio as of 31 December 2025 (31 December 2024: 47.0%). Accordingly, the GCR liquidity coverage ratio improved to 1.7x (31 December 2024: 1.4x). Looking ahead, the liquidity profile is expected to be constrained by the potential impact of debt repayment, which may result in a slight moderation in liquidity metrics, albeit remaining within a 1.2x – 1.3x range.

The group revenue scale and diversification are significant rating strengths, with revenue stagnation registered over the past three years likely to be offset by retraction from higher risk markets. Insurance revenue registered at KES32bn (2024: 33.8bn), mainly supported by Old Mutual General Kenya (55.9% of revenue). Old Mutual General Kenya's market share remained high at 8.2% (2024: 9.1%), with the life business maintaining a 6.0% market share. Old Mutual Uganda remained the market leader at a market share of 20.7% from 18.9% the prior year, supporting the group's strong business profile. However, revenue growth is a challenge with insurance revenue registering a 2-year compound annual growth rate (CAGR) of -0.92% (2025: -5.2%). This is primarily driven by reduced underwriting volumes in the general business segment. In addition, the decision to place the South Sudan business into run-off in July 2025 further weighed on topline performance. However, the exit from South Sudan is likely to support an improved operating environment assessment, with the group's geographic diversification into Kenya, Uganda and Rwanda underpinning the business profile. In this respect, management's ability to grow business scale and defend market shares of core subsidiaries is a key input in our assessment of the group's competitiveness.

Earnings remain constrained due to inadequate investment income to offset negative technical results at Old Mutual General Kenya. The group's insurance service results declined significantly to a loss of KES151m in 2025 from a profit of KES361m in 2024, reflecting higher expenses and weaker recoveries from the Ugandan subsidiary. While investment returns remained broadly stable during the year, they were insufficient to fully mitigate the weaker insurance service outcome, resulting in a moderation of the group's return on revenue to 3.3% (2024: 4.8%; review period average: - 0.1%). Old Mutual General Kenya's earnings recorded a net profit of KES1.1m in 2025 (2024: KES1.2m), supported by a modest improvement in underwriting performance. Nevertheless, underwriting performance remained below breakeven, with the combined ratio improving to 101% in 2025 (2024: 104%) but continuing to reflect a technical underwriting loss. Consequently, the insurer's return on revenue moderated to 7.3% in 2025 (2024: 7.5%). Looking ahead, GCR expects group earnings to remain relatively stable, with an average return on revenue of 3.5% - 4.5%, reinforced by the insurer's ongoing portfolio optimisation and underwriting management initiatives.

The group derives implied support from the wider Old Mutual Limited group, given the history of financial support, strategic relevance and operational integration.

Outlook statement

The Stable Outlook reflects GCR expectations that the insurer will sustain liquidity within a moderately strong range, with the GCR liquidity coverage ratio expected to remain between 1.2x to 1.3x. Capitalisation is also expected to register within the intermediate range, with the GCR CAR expected to remain above 1.2x. Additionally, implied support from the Old Mutual Limited continue to reduce potential downside risks.

Rating triggers

Positive rating action is likely to follow a sustain improvement in liquidity and risk adjusted solvency metrics supported by balance sheet de-risking. Furthermore, a sustained improvement in the group's earnings profile may result in upward rating movement. Conversely, a negative rating action could result from material deterioration in the group's earnings or increased refinancing risk impacting overall capital and liquidity metrics. In addition, significant impairment of investment properties held with a consequent adverse impact on earnings, could exert additional downward pressure on the rating.

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Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
Criteria for Rating Insurance Companies, May 2024
GCR Ratings Scales, Symbols & Definitions, May 2023
GCR Country Risk Scores, June 2026
GCR Insurance Sector Risk Scores, June 2026

Rating history

Old Mutual General Insurance Kenya Limited

Rating class	Review	Rating scale	Rating	Outlook/Watch	Date
Financial strength	Initial	National	A-(KE)	Stable Outlook	June 2024
	Last	National	A-(KE)	Positive Outlook	June 2025

Risk score summary

Rating components and factors	Score
Operating environment	**7.00**
Country risk score	3.50
Sector risk score	3.50
Business profile	**1.25**
Competitive position	1.25
Sustainability	0.00
Financial profile	**(1.00)**
Earnings	(0.50)
Capitalisation	(0.50)
Liquidity	0.00
Comparative profile	**2.00**
External support	2.00

Peer analysis	0.00
Total risk score	**9.25**

Glossary

Assets	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Capital Adequacy	A measure of the adequacy of an entity's capital resources in relation to its risks.
Capitalisation	The provision of capital for a company, or the conversion of income or assets into capital.
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing and financing activities.
Cash	Funds that can be readily spent or used to meet current obligations.
Diversification	Spreading risk by constructing a portfolio that contains different exposures whose returns are relatively uncorrelated. The term also refers to companies which move into markets or products that bear little relation to ones they already operate in.
Dividend	The portion of a company's after-tax earnings that is distributed to shareholders.
Exposure	Exposure is the amount of risk the holder of an asset or security is faced with as a consequence of holding the security or asset. For a company, its exposure may relate to a particular product class or customer grouping. Exposure may also arise from an overreliance on one source of funding. In insurance, it refers to an individual or company's vulnerability to various risks
Investment Income	The income generated by a company's portfolio of investments.
Liquidity	The speed at which assets can be converted to cash. It can also refer to the ability of a company to service its debt obligations due to the presence of liquid assets such as cash and its equivalents. Market liquidity refers to the ease with which a security can be bought or sold quickly and in large volumes without substantially affecting the market price.
Net Incurred Loss	The total amount of paid claims and loss reserves associated with a particular time period, less the reinsurance portion.
Portfolio	A collection of investments held by an individual investor or financial institution. They may include stocks, bonds, futures contracts, options, real estate investments or any item that the holder believes will retain its value.
Premium	The price of insurance protection for a specified risk for a specified period of time.
Reinsurance	The practice whereby one party, called the Reinsurer, in consideration of a premium paid to him agrees to indemnify another party, called the Reinsured, for part or all of the liability assumed by the latter party under a policy or policies of insurance, which it has issued. The reinsured may be referred to as the Original or Primary Insurer, or Direct Writing Company, or the Ceding Company.
Retained Earnings	Earnings not paid out as dividends by a company. Retained earnings are typically reinvested back into the business and are an important component of shareholders' equity.
Solvency	With regard to insurers, having sufficient assets (capital, surplus, reserves) and being able to satisfy financial requirements (investments, annual reports, examinations) to be eligible to transact insurance business and meet liabilities.
Underwriting	The process of selecting risks and classifying them according to their degrees of insurability so that the appropriate rates may be assigned. The process also includes rejection of those risks that do not qualify.

Salient points of accorded rating

GCR affirms that a.) no part of the rating process was influenced by any other business activities of the credit rating agency; b.) the rating was based solely on the merits of rated entity, security or financial instrument being rated; and c.) such rating was an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit rating has been disclosed to the rated entity.

The rating above was solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible.

The information received from the rated entity and other reliable third parties to accord the credit rating included:

- Audited financial statements as at 31 December 2025;
- Budgeted financial statements for 2026;
- Financial Condition report 2025;
- Exchange rates source: Central Bank of Kenya (KES/USD 129.1 at 31 December 2025; KES/USD 129.3 at 31 December 2024);
- Current year reinsurance summary; and
- Other relevant information.

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